

RESOLUTION NO. 2016-4

AUTHORIZING CONTRACT NO. 2015-180 WITH PETROLEUM TRADERS CORPORATION FOR THE FURNISHING OF APPROXIMATELY 7,458,000 GALLONS OF ULTRA LOW SULFUR DIESEL FUEL, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF TWO (2) YEARS, WITH AN OPTION FOR 3,589,200 GALLONS FOR ONE (1) ADDITIONAL YEAR AT AN OPIS RACK PRICE OF \$-0.0420 (GENERAL FUND, FLEET MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Authority has a need for ultra-low sulfur diesel fuel to power its revenue vehicles; and

WHEREAS, the bid of Petroleum Traders Corporation with offices at 7120 Pointe Inverness Way Fort Wayne, IN 46804, for the furnishing of approximately 7,458,000 gallons of ultra low sulfur diesel fuel, as specified and as required, for a period of two (2) years, with an option for an additional 3,589,200 gallons for one (1) additional year, was received on November 24, 2015; and

WHEREAS, the General Manager/Secretary-Treasurer deems the bid of Petroleum Traders Corporation to be the lowest responsive bid from a responsible bidder and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the bid of Petroleum Traders Corporation for the furnishing of ultra low sulfur diesel fuel, as specified and as required, for a period of two (2) years with an option for one (1) additional year, be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Petroleum Traders Corporation for the furnishing of up to 7,458,000 gallons of ultra low sulfur diesel fuel, as specified and as required, for a period of two (2) years, with an additional one (1) year option for up to 3,589,200 gallons.

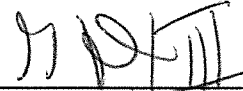
Section 3. That said contract shall be payable from the General Fund, Fleet Management Department budget. The cost of the ultra low sulfur diesel fuel will fluctuate daily depending on the Oil Price Information Service (OPIS) index.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon funding for future years and compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2015-076; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Petroleum Traders Corporation will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

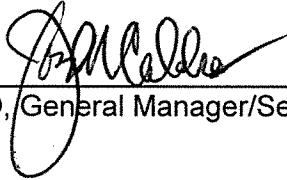
Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: January 26, 2016



\_\_\_\_\_  
President

Attest:



\_\_\_\_\_  
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority  
**STAFF SUMMARY AND COMMENTS**

<b>TITLE/DESCRIPTION:</b>  <b>CONTRACT:</b> FURNISHING OF ULTRA LOW SULFUR DIESEL FUEL, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF TWO (2) YEARS, WITH AN OPTION FOR ONE (1) ADDITIONAL YEAR AT AN OPIS RACK PRICE OF \$-0.0420  <b>VENDOR:</b> PETROLEUM TRADERS CORPORATION  <b>AMOUNT:</b> ANTICIPATED AMOUNT \$6,126,885.00 FOR YEAR ONE	<b>Resolution No.:</b> 2016-4
	<b>Date:</b> January 21, 2016
	<b>Initiator:</b> Fleet Management Department
<b>ACTION REQUEST:</b> <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for the furnishing of ultra low sulfur diesel fuel, as specified and as required, for a period of two (2) years, with an option for one (1) additional year.
  
- 2.0 **DESCRIPTION/JUSTIFICATION:** Ultra low sulfur diesel fuel is required to power the Authority's revenue vehicles.
  
- 3.0 **PROCUREMENT BACKGROUND:** The Invitation for Bid (IFB) was posted on the GCRTA web site and advertised in the local newspapers. Nine (9) bids were received on November 24, 2015 as identified in Attachment A - Diesel Fuel Bid Summary. In addition, Attachment A identifies the estimated dollar value of the fuel taxes the Authority is required to pay. The Authority has adopted an Energy Risk Management Policy & Strategy to better manage its fuel cost due to the volatile fuel market. As part of the energy risk management strategy, the Authority plans to price the delivery of its diesel fuel requirements on the Oil Price Information Service (OPIS) average daily rate. The bid price reflects the cost of the (OPIS) average daily fuel cost billed the day the fuel is ordered.  
  
 A price analysis has been performed and the Procurement Department has determined the bid of the Petroleum Traders Corporation for both the tanker load and less than tanker load to be fair and reasonable to the Authority.
  
- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE participation goal was established for this procurement due to the lack of certified DBE firms.
  
- 5.0 **POLICY IMPACT:** Does not apply.
  
- 6.0 **ECONOMIC IMPACT:** This procurement will be funded through the General Fund, Fleet Management Department budget. The cost of the ultra low sulfur diesel fuel will fluctuate daily depending on the Oil Price Information Service (OPIS) index. The proposed budget of ultra low sulfur diesel fuel for 2016 is \$1.6076 per gallon. The anticipated usage of ultra low sulfur diesel fuel for the term of this contract is as follows: 2016 - 3,811,200 gallons, 2017 - 3,646,800 gallons and 2018 - 3,589,200 gallons.

- 7.0 ALTERNATIVES: Reject all bids. Rejection of this bid would significantly impact the Authority's ability to provide diesel fuel to the Authority's revenue vehicles, which would significantly affect the Authority's ability to service its customers.
- 8.0 RECOMMENDATION: It is recommended that the bid of Petroleum Traders Corporation be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A – Diesel Fuel Bid Summary

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



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CEO, General Manager/Secretary-Treasurer

Attachment A  
Diesel Fuel Bid Summary 2015-180

				<b>TAXES</b>	
Year	Estimated OPIS Per Gallon Price	Estimated Yearly Usage	Full Load Gallons	Less than full load Gallons	
2016	\$ 1.65	3,811,200	3,523,817	287,383	Federal LUST Fee \$ 0.0010
2017	\$ 2.00	3,646,800	3,371,814	274,986	Federal MF Environmental Fee DSL \$ 0.0019
2018	\$ 2.30	3,589,200	3,318,557	270,643	Ohio Excise Tax \$ 0.2800
					Ohio Diesel Petroleum Activity Tax \$ 0.0105625
					<b>Total Taxes per gallon \$ 0.2935</b>

		Less than Full						
Bidder	Year	Full Load OPIS Differential	Full load Price	Load OPIS Differential	Less than Full load Price	Estimated Yearly Fuel Total Price	Taxes	Total
Petroleum Traders	2016	\$ (0.0424)	\$ 5,664,888.81	\$ (0.0424)	\$ 461,996.31	\$ 6,126,885.12	\$ 1,118,444.28	\$ 7,245,329.40
	2017	\$ (0.0424)	\$ 6,600,662.92	\$ (0.0424)	\$ 538,312.76	\$ 7,138,975.68	\$ 1,070,199.05	\$ 8,209,174.73
	2018	\$ (0.0424)	\$ 7,491,974.80	\$ (0.0424)	\$ 611,003.12	\$ 8,102,977.92	\$ 1,053,295.61	\$ 9,156,273.53
						\$ 21,368,838.72	\$ 3,241,938.93	\$ 24,610,777.65
Santmyer	2016	\$ (0.0401)	\$ 5,672,993.59	\$ (0.0401)	\$ 462,657.29	\$ 6,135,650.88	\$ 1,118,444.28	\$ 7,254,095.16
	2017	\$ (0.0401)	\$ 6,608,418.09	\$ (0.0401)	\$ 538,945.23	\$ 7,147,363.32	\$ 1,070,199.05	\$ 8,217,562.37
	2018	\$ (0.0401)	\$ 7,499,607.48	\$ (0.0401)	\$ 611,625.60	\$ 8,111,233.08	\$ 1,053,295.61	\$ 9,164,528.69
						\$ 21,394,247.28	\$ 3,241,938.93	\$ 24,636,186.21
Heritage Petroleum	2016	\$ (0.0397)	\$ 5,674,403.11	\$ (0.0397)	\$ 462,772.25	\$ 6,137,175.36	\$ 1,118,444.28	\$ 7,255,619.64
	2017	\$ (0.0397)	\$ 6,609,766.82	\$ (0.0397)	\$ 539,055.22	\$ 7,148,822.04	\$ 1,070,199.05	\$ 8,219,021.09
	2018	\$ (0.0397)	\$ 7,500,934.90	\$ (0.0397)	\$ 611,733.86	\$ 8,112,668.76	\$ 1,053,295.61	\$ 9,165,964.37
						\$ 21,398,666.16	\$ 3,241,938.93	\$ 24,640,605.09
Guttman	2016	\$ (0.0375)	\$ 5,682,155.51	\$ (0.0375)	\$ 463,404.49	\$ 6,145,560.00	\$ 1,118,444.28	\$ 7,264,004.28
	2017	\$ (0.0375)	\$ 6,617,184.81	\$ (0.0375)	\$ 539,660.19	\$ 7,156,845.00	\$ 1,070,199.05	\$ 8,227,044.05
	2018	\$ (0.0375)	\$ 7,508,235.73	\$ (0.0375)	\$ 612,329.27	\$ 8,120,565.00	\$ 1,053,295.61	\$ 9,173,860.61
						\$ 21,422,970.00	\$ 3,241,938.93	\$ 24,664,908.93

